

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF LYON COUNTY)	2021-00195
WATER DISTRICT)	

ORDER

On May 10, 2021, Lyon County Water District (Lyon District) applied for approval to adjust its rates pursuant to the purchased water adjustment (PWA) procedure.¹ Lyon District was notified by electronic letter dated May 13, 2021, that the application was rejected due to certain deficiencies in the application. On May 13, 2021, Lyon District submitted additional information with its response to the deficiency letter, and the application was accepted for filing as of that date. On June 2, 2021, Lyon District supplemented the filing by electronic letter requesting the Purchase Water Adjustment factor be amended from \$0.37 per 1,000 gallons to \$0.38 per 1,000 gallons.

The Commission notes that in Lyon District's 2019 Annual Report a water loss of 17.7175 percent was reported.² Lyon District's application provides updated purchases and sales information for a more current period than the 2019 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes, a utility's unaccounted-for water loss shall not exceed 15 percent of total water produced

¹ KRS 278.015; 807 KAR 5:068.

² *Annual Report of Lyon County Water District to the Public Service Commission for the Year Ended December 31, 2019* at 57.

and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2019 Annual Report,³ Lyon District's unaccounted-for water loss is determined to be 19.6166 percent for the updated period.⁴ Reduction of Lyon District's unaccounted-for water loss to 15 percent would result in an approximate \$18,547.46⁵ decrease to purchased water expense. Potentially, Lyon District is paying \$0.2088 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁶ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Lyon District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Lyon District to make significant progress toward reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

³ *Id.*, line 22 (17,410) divided by line 4 (124,476) equals 13.9866%.

⁴ Total Purchases (application PWA Form 1 at 2)	133,762,137
Less Total Sales (application PWA Form 1 at 2)	88,813,800
Less Plant Use (% determined from 2019 AR)	<u>18,708,775</u>
Water Loss – Gallons	26,239,562
Water Loss – Percent	19.6166%

⁵ Water loss above 15 percent is 4.6166 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$401,755.77 times water loss above 15 percent) = \$18,547.46.

⁶ Potential purchased water expense reduction divided by sales (\$18,547.46/ (88,813,800/1,000)) equals \$0.2088 per 1,000 gallons.

1. Lyon District purchases water from Crittenden-Livingston Water District (Crittenden-Livingston District), city of Eddyville (Eddyville), Princeton Water and Wastewater (Princeton), city of Kuttawa (Kuttawa) and Barkley Lake Water District (Barkley District).

2. Princeton filed a rate case with the Commission, Case No. 2019-00444, and a final Order containing approved rates has been issued. The rates approved were applied in this PWA application.⁷

3. Crittenden-Livingston District notified Lyon District that its wholesale rate would increase from \$2.58 per 1,000 gallons to \$3.34 per 1,000 gallons, effective May 23, 2021. Eddyville notified Lyon District that its wholesale rate would increase from \$3.97 per 1,000 gallons to \$4.09 per 1,000 gallons, effective July 13, 2020. Lyon District proposes to increase the water rates to its customers effective June 1, 2021, to reflect the increased cost of purchased water from Princeton, Crittenden-Livingston District, and Eddyville.

4. Lyon District proposed a purchased water adjustment factor of \$0.38 per 1,000 gallons in its application.

5. During the 12 months ended March 31, 2021, Lyon District purchased 13,950,940 gallons of water from Crittenden-Livingston District, 7,482,000 gallons of water from Eddyville, 65,553,697 gallons of water from Princeton, 45,504,100 gallons of water from Kuttawa and 1,271,400 gallons of water from Barkley District. During the same period, Lyon District sold 88,813,800 gallons of water. The increase in the cost of

⁷ Case No. 2019-00444, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Princeton Water and Wastewater* (Ky. PSC June 15, 2020).

purchased water is \$32,975.29, resulting in a purchased water adjustment factor of \$0.38 per 1,000 gallons.

6. The purchased water adjustment factor of \$0.38 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

7. Lyon District's proposed rates should be approved.

8. The rates as set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Lyon District on and after June 1, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.38 per 1,000 gallons is approved.

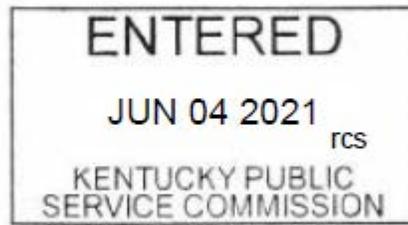
2. The rates proposed by Lyon District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Lyon District on and after June 1, 2021.

4. Within 20 days of the date of entry of this Order, Lyon District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

Case No. 2021-00195

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00195 DATED JUN 04 2021

	Base Rate	New Rate	Increase
<u>Crittenden-Livingston District</u>			
Purchases in Gallons	13,950,940	13,950,940	
Wholesale rate	<u>\$2.58/1,000</u>	<u>\$ 3.34/1,000</u>	
	\$35,993.43	\$46,596.14	\$10,602.71
<u>Eddyville</u>			
Purchases in Gallons	7,482,000	7,482,000	
Wholesale rate	<u>\$3.97/1,000</u>	<u>\$4.09/1,000</u>	
	\$29,703.54	\$30,601.38	\$897.84
<u>Princeton</u>			
Purchases in Gallons	65,553,697	65,553,697	
Wholesale rate	<u>\$3.06/1,000</u>	<u>\$3.26/1,000</u>	
	\$200,594.31	\$213,705.05	\$13,110.74
Monthly surcharge	\$697.00	12 months	\$8,364.00
<u>Kuttawa</u>			
Purchases in Gallons	45,504,100	45,504,100	
Wholesale rate	<u>\$2.19/1,000</u>	<u>\$2.19/1,000</u>	
	\$99,653.98	\$99,653.98	No Change
<u>Barkley District</u>			
Purchases in Gallons	1,271,400	1,271,400	
Wholesale rate	<u>\$2.23/1,000</u>	<u>\$2.23/1,000</u>	
	\$2,835.22	\$2,835.22	No Change
Total increased water cost			\$32,975.29
Increased water cost	\$32,975.29		
Divided by sales	<u>88,813,800/1,000</u>		
	0.3712 per	1,000 Gallons	
	or \$ 0.38 per	1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00195 DATED JUN 04 2021

The following rates and charges are prescribed for the customers in the area served by Lyon County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$25.76 Minimum Bill
Next	3,000 Gallons	.01100 per gallon
Next	5,000 Gallons	.00788 per gallon
Next	10,000 Gallons	.00663 per gallon
Over	20,000 Gallons	.00588 per gallon

1-Inch Meter

First	15,000 Gallons	\$121.95 Minimum Bill
Next	5,000 Gallons	.00663 per gallon
Over	20,000 Gallons	.00588 per gallon

1 1/2-Inch Meter

First	25,000 Gallons	\$165.75 Minimum Bill
Over	25,000 Gallons	.00588 per gallon

2-Inch Meter

First	45,000 Gallons	\$298.35 Minimum Bill
Over	45,000 Gallons	.00588 per gallon

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